



MENDOCINO  
COUNCIL OF GOVERNMENTS

367 North State Street~Ukiah~California~95482  
www.mendocinocog.org

PHILLIP J. DOW, EXECUTIVE DIRECTOR

Administration: Suite 206  
(707) 463-1859  
Transportation Planning: Suite 204  
(707) 234-3434

October 26, 2015

**To:** MCOG Board of Directors  
**From:** Janet Orth, Deputy Director/CFO  
**Subject:** Information Packet of November 2, 2015 Meeting - No Action Required

\* \* \* \* \*

The following items are attached.

1. Comments on Proposed 2015 Interregional Transportation Strategic Plan (ITSP)  
- Letter dated October 12, 2015 from Executive Director Phil Dow to California Transportation Commission (CTC) Executive Director Will Kempton concerning issues with the draft ITSP.
2. LAO Report: Overview of Proposals to Address Transportation Challenges  
- California Legislative Analyst's Office paper dated October 16, 2015 to the Conference Committee on transportation funding bills making their way through the Legislature.



# MENDOCINO COUNCIL OF GOVERNMENTS

367 North State Street~Ukiah~California~95482  
www.mendocinocog.org

PHILLIP J. DOW, EXECUTIVE DIRECTOR

Administration: Suite 206  
(707) 463-1859  
Transportation Planning: Suite 204  
(707) 234-3434

October 12, 2015

Will Kempton, Executive Director  
California Transportation Commission  
1120 N. Street MS-52  
Sacramento, CA 95814

**Information # 1**  
**MCOG Meeting**  
**11/2/2015**

RE: Proposed Adoption of the 2015 Interregional Transportation Strategic Plan (ITSP)

Dear Mr. Kempton:

At the August California Transportation Commission in San Diego, the California Transportation Commission (CTC) delayed adoption of the 2015 Interregional Transportation Strategic Plan (ITSP) after hearing concerns from a number of speakers. One of these speakers, Mike Woodman, representing the Nevada County Transportation Commission, made a compelling case to restore segments of SR 20 and SR 49 that had been previously included in the 1998 ITSP, but have been dropped from the draft 2015 ITSP. He is supported in that viewpoint by the Placer County Transportation Planning Agency, the Colusa County Transportation Commission and the Sacramento Area Council of Governments.

Admittedly, until hearing from Mr. Woodman, I gave the 2015 ITSP inadequate review; only enough to ensure that the important US 101 and SR 20 corridors remained intact through Mendocino County. The proposed termination of the SR 20 Corridor at Interstate 5 will leave only one east-west ITSP connection, north of Interstate 80, between the North Coast and Nevada. From Mendocino County, the most direct route to the Reno/Tahoe area and points east is via the SR 20 corridor through Yuba City/Marysville to Interstate 80 near the crest of the Sierra. It is approximately 30 miles shorter than direct access to I-80 near Sacramento. It is used by interregional passenger car travel as well as goods movement.

Serving as the Rural Counties Task Force representative on the California Freight Advisory Committee, I am concerned about the reduction of freight movement alternatives that may result if all of California north of Interstate 80 is left with a single North Coast-Nevada Connection. With the I-80 corridor penetrating topography that is subject to landslides, wildfires, earthquakes, snow events, and valley fog, it would be prudent to maintain an alternative connection that truly functions as a transportation corridor between the North Coast and Nevada. As goods movement has become a national and statewide priority, California should not be taking actions that may result in the de-emphasis of a viable highway freight alternative. The draft ITSP indicates that even the remnant of the SR20/SR29/SR53 connection will carry a higher percentage of truck traffic and is expected to experience a higher increase in volume over the next 30 years than its northern counterpart (SR299/SR44/SR 36/US395).

Chapter 1 clearly states that the basic purpose of the ITSP has not changed from 1998. If the basic purpose is unchanged, then the dropping of two regionally important corridors should be questioned. The basic purpose of the ITSP is stated as:

- Communicating an approach and vision for investing in California's interregional transportation system
- Improving the interregional movement of people and goods
- Providing a framework that guides investment for the ITIP

Although I am very aware that Interregional Transportation Improvement Program (ITIP) improvement needs far outstrip projected revenues, we must keep in mind that the Interregional Transportation Strategic Plan guides future investment; inclusion in the plan does not guarantee funding for projects within included corridors.

Lastly, I note that in the narrative on page 161 of the draft ITSP, the two *North Coast-Northern Nevada Connections* are described. The first one extends from Humboldt County to Lassen County and on to Reno via SR 299, SR 44, SR 36 and US 395. The second one extends from Mendocino County to Nevada County via portions of SR 20, SR 29 and SR 53. Let's keep it that way.

Sincerely,



Phillip J. Dow, P.E.  
Executive Director

Copies: Dan Gjerde, MCOG Chair  
Daniel B. Landon, Executive Director, NCTC  
Scott M. Lanphier, Executive Director, CCTC  
Mike McKeever, Chief Executive Officer, SACOG  
Lisa Davey-Bates, Chair, North State Super Region  
Jerry Barton, Chair, Rural Counties Task Force

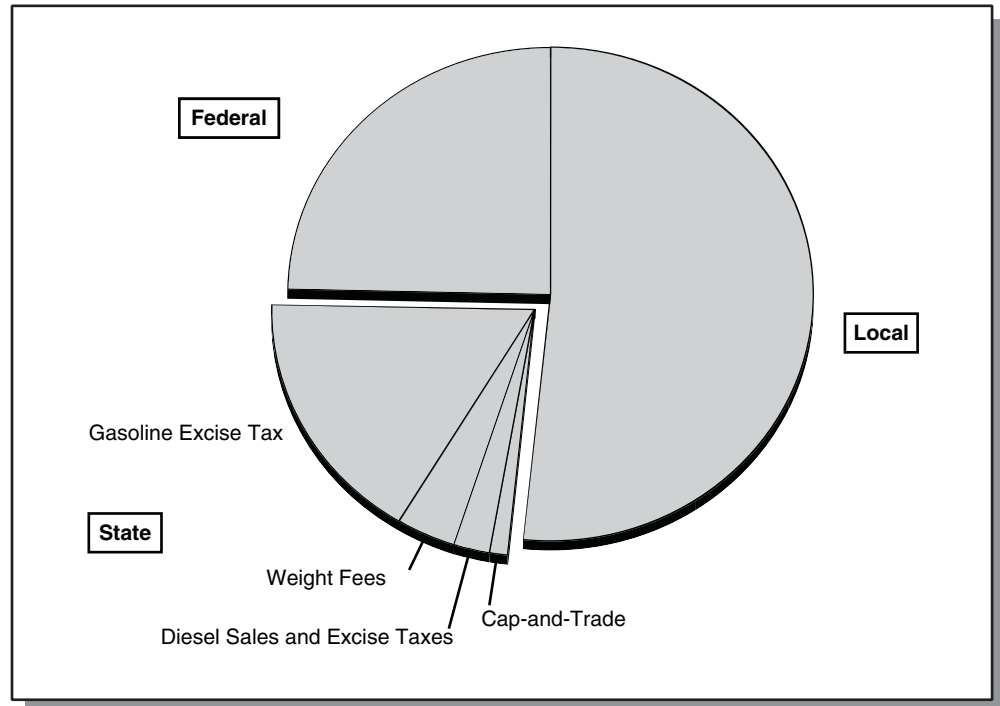
# Overview of Proposals to Address Transportation Challenges

LEGISLATIVE ANALYST'S OFFICE

Presented to:  
Conference Committee on SBX1 4 and ABX1 3  
Hon. Jim Beall, Chair  
Hon. Jimmy Gomez, Chair



## Transportation Funding in California Comes From Various Sources



- In 2015-16, we estimate that \$28 billion in transportation revenues will be provided from all levels of government.
- Local governments provide half of all transportation funding in California. Local funding sources include local sales taxes, transit fares, development impact fees, and property taxes.
- About one-fourth of the state's transportation funding comes from the federal government.
- The remaining one-fourth of funding comes from various state revenue sources—primarily excise taxes on gasoline.
- In addition to the funds identified above, the state also receives revenue from other sources (primarily vehicle registration fees) to support the California Highway Patrol and the Department of Motor Vehicles.



## State Transportation Revenues Fund Various Programs

Revenue Source	Allowable Uses	Current Uses
<b>Gasoline and diesel excise taxes</b>	Article XIX Section 2 of the State Constitution limits use of revenues to construction, maintenance, mitigation, and associated administrative costs of state highways, local roads, and transit fixed guideways.	Highway Maintenance Program, SHOPP, STIP, local streets and roads, and Caltrans administration.
<b>Vehicle registration fee</b>	Article XIX Section 3 of the State Constitution limits use of revenues to: (1) construction, maintenance, mitigation, and associated administrative costs of state highways, local roads, and transit fixed guideways and (2) state administration and enforcement of traffic laws.	Support of DMV and CHP.
<b>Vehicle weight fees</b>	Same as vehicle registration fees.	Debt service on transportation bonds.
<b>Cap-and-trade auction revenue</b>	Article XIII A Section 3 of the State Constitution, various court decisions regarding what constitutes a fee versus tax, and Health and Safety Code 39712 limits use of revenues to activities that reduce greenhouse gas emissions.	Transit and intercity rail capital program and transit operating grants.

SHOPP = State Highway Operation and Protection Program; STIP = State Transportation Improvement Program; Caltrans = California Department of Transportation; DMV = Department of Motor Vehicles; and CHP = California Highway Patrol.



**Funding Challenges.** The state and local governments face significant funding needs to maintain and repair existing transportation infrastructure and meet future travel demand. For example, best practices indicate that state highways should receive preventive and minor corrective maintenance on average every five to seven years. However, the California Department of Transportation’s (Caltrans’) current funding level for this type of work only allows for such maintenance on a stretch of pavement every 20 years on average. Caltrans estimates indicate it would cost an additional \$1 billion annually to fully fund maintenance of pavement, bridges, and culverts.



## Comparison of Major Funding Proposals

Governor	Senate Committee <sup>b</sup>	Senate Republican	Assembly Republican
<b>New Taxes<sup>a</sup></b>			
<b>\$3 Billion Annually</b> <ul style="list-style-type: none"> <li>• \$65 vehicle registration fee</li> <li>• 6 cents per gallon gasoline excise tax</li> <li>• 11 cents per gallon diesel excise tax</li> <li>• Index gasoline and diesel excise tax rates for inflation</li> </ul>	<b>\$4.6 Billion Annually</b> <ul style="list-style-type: none"> <li>• \$70 from two vehicle registration fees and \$100 additional fee for zero emission vehicles</li> <li>• 12 cents per gallon gasoline excise tax</li> <li>• 22 cents per gallon diesel excise tax</li> <li>• Index gasoline and diesel excise tax rates for inflation</li> <li>• 3.5 percent diesel sales tax</li> </ul>	—	—
<b>Allocate Existing Revenue<sup>a</sup></b>			
<b>\$600 Million Annually</b> <ul style="list-style-type: none"> <li>• \$500 million from cap-and-trade</li> <li>• \$100 million Caltrans efficiency savings</li> </ul>	<b>\$400 Million Annually</b> <ul style="list-style-type: none"> <li>• \$400 million from cap-and-trade</li> </ul>	<b>\$2.9 Billion Annually</b> <ul style="list-style-type: none"> <li>• \$1.9 billion from cap-and-trade</li> <li>• \$1 billion from weight fees</li> </ul>	<b>\$4.4 Billion Annually</b> <ul style="list-style-type: none"> <li>• \$1.2 billion from cap-and-trade</li> <li>• \$1 billion from weight fees</li> <li>• \$1 billion General Fund</li> <li>• \$685 million from vacant positions</li> <li>• \$500 million Caltrans efficiency savings</li> </ul>
<b>One-Time Funding<sup>a</sup></b>			
\$879 million in loan repayments	\$1 billion in various loan repayments	\$2.4 billion in various loan repayments	
<sup>a</sup> Revenue estimates provided by proponents of each proposal. <sup>b</sup> Proposals approved by the Senate Transportation and Infrastructure Development Committee.			



## LAO Comments on Funding Proposals

---

- Increase Funding for Transportation.*** All proposals provide a significant ongoing increase in funding for transportation programs—ranging from almost \$3 billion to \$5 billion annually.
- Allocate Existing Revenues.*** The proposals all allocate some existing revenues to transportation, with some proposals allocating a few hundred million dollars and others providing billions of dollars. All proposals allocate cap-and-trade auction revenues. Allocating weight fees, which currently benefit the General Fund, or providing direct General Fund support, would require budgetary trade-offs regarding other non-Proposition 98 General Fund priorities.
- Shift Toward Vehicle Registration Fees.*** The proposals that raise new revenues do so with a mix of fuel taxes and vehicle fees. This approach would likely provide stable and modestly growing revenues over time.
- Index Fuel Excise Taxes.*** The proposals that raise new revenues also eliminate the current variable tax adjustment process and instead index tax rates for inflation. This approach would likely result in more stable and predictable transportation revenues.





## Comparison of Major Expenditure Proposals

Governor	Senate Committee <sup>a</sup>	Senate Republican	Assembly Republican
<b>Expenditure of New Ongoing Revenue</b>			
<p><b>\$1.7 Billion for State Programs</b></p> <ul style="list-style-type: none"> <li>• \$1.5 billion SHOPP and Maintenance</li> <li>• \$200 million Trade Corridors</li> </ul> <p><b>\$1.3 billion for Local Programs</b></p> <ul style="list-style-type: none"> <li>• \$1.05 billion Local Streets and Roads</li> <li>• \$250 million Local Partnership Program</li> </ul>	<p><b>\$2.2 Billion for State Programs</b></p> <ul style="list-style-type: none"> <li>• \$1.9 billion SHOPP and Maintenance</li> <li>• \$300 million Trade Corridors</li> </ul> <p><b>\$2.4 Billion for Local Programs</b></p> <ul style="list-style-type: none"> <li>• \$1.9 billion local roads</li> <li>• \$200 million Local Partnership Program</li> <li>• \$300 million STA</li> </ul>	—	—
<b>Expenditure of Existing Ongoing Revenue</b>			
<p><b>\$500 Million for Local Programs</b></p> <ul style="list-style-type: none"> <li>• \$400 million Transit and Intercity Rail Grants</li> <li>• \$100 million Low Carbon Road Program</li> </ul>	<p><b>\$400 Million for Local Programs</b></p> <ul style="list-style-type: none"> <li>• \$400 million Transit and Intercity Rail Grants</li> </ul>	<p><b>\$2.9 Billion for Highways and Roads</b></p>	<p><b>\$4.4 Billion for Highways and Roads</b></p>
<b>One-Time Expenditures</b>			
<p><b>\$879 Million</b></p> <ul style="list-style-type: none"> <li>• \$334 million Trade Corridors</li> <li>• \$265 million Transit and Intercity Rail</li> <li>• \$148 million TCRP</li> <li>• \$132 million SHOPP</li> </ul>	<p><b>\$1 Billion</b></p> <ul style="list-style-type: none"> <li>• For SHOPP local roads and Local Partnership Program</li> </ul>	<p><b>\$2.4 Billion</b></p> <ul style="list-style-type: none"> <li>• For highways and roads</li> </ul>	—
<p><sup>a</sup> Senate Transportation and Infrastructure Development Committee.            SHOPP = State Highway Operation and Protection Program; STA = State Transit Assistance; and TCRP = Traffic Congestion Relief Program.</p>			



## LAO Comments on Expenditure Proposals

---

- Fully Fund Cost-Effective Maintenance.** Preventative and minor corrective maintenance, which is performed by the Caltrans Highway Maintenance Program, is significantly more cost-effective than allowing highways to deteriorate such that major rehabilitation is needed. Caltrans estimates fully funding maintenance would require an additional \$1 billion annually and would reduce future State Highway Operation and Protection Program (SHOPP) costs by up to several billions of dollars each year. In light of these benefits, we recommend fully funding maintenance as part of any transportation funding package.
  
- Using Cap-and-Trade Revenues.** All proposals allocate cap-and-trade auction revenues to increase funding for transportation programs. There is currently legal uncertainty as to how the state can spend cap-and-trade revenue. To eliminate this uncertainty the Legislature would have to approve these revenues as a tax. Absent that, it could minimize legal risk by targeting cap-and-trade revenues to transportation projects that have a closer nexus to greenhouse gas emission reductions.
  
- Simplify Distribution of Funds.** The current system of distributing transportation revenues is complex and may not allow flexibility to ensure funding meets transportation priorities as revenues and priorities change over time. Some of the special session proposals create additional and more complex formulas for allocating funds among programs. The Legislature could consider allocating new and existing funding in the same manner and further could consider simplifying the system of allocating transportation revenues to better ensure funding is allocated to the highest priorities.



## Comparison of Other Major Proposals

Governor	Senate Committee <sup>a</sup>	Senate Republican	Assembly Republican
<b>Accountability</b>			
Requires Caltrans to meet certain performance standards	<ul style="list-style-type: none"> <li>Requires CTC oversight of SHOPP projects</li> <li>Creates a transportation Inspector General</li> <li>Requires Caltrans efficiencies</li> </ul>	<ul style="list-style-type: none"> <li>Requires CTC oversight of SHOPP projects</li> <li>Creates a transportation Inspector General</li> </ul>	—
<b>Procurement Methods</b>			
Extends P3 authority by ten years and allows construction manager general construction method for 12 additional projects	—	Permanently extends P3 authority	Permanently extends P3 authority
<b>Other</b>			
<ul style="list-style-type: none"> <li>CEQA exemptions for certain types of projects</li> <li>Constitutional restrictions on new revenue</li> </ul>	<ul style="list-style-type: none"> <li>Constitutional and statutory restrictions on existing and new revenue</li> </ul>	<ul style="list-style-type: none"> <li>CEQA exemptions for certain types of projects</li> <li>Increases Caltrans use of consultants</li> <li>Constitutional restrictions on existing and new revenue</li> </ul>	—
<sup>a</sup> Senate Transportation and Infrastructure Development Committee. CTC = California Transportation Commission; SHOPP = State Highway Operation and Protection Program; P3 = public-private partnership; and CEQA = California Environmental Quality Act.			



## LAO Comments on Other Major Proposals

---

- Increase CTC Oversight.*** Most of the proposals require greater accountability for Caltrans. However, the legislative proposals generally require stronger accountability measures than those proposed by the Governor. Specifically, two legislative proposals establish a stronger role for the California Transportation Commission (CTC) by requiring the CTC to perform project-level oversight and approval functions for the SHOPP. These legislative proposals are consistent with prior LAO recommendations to increase CTC's role in project-level oversight for the SHOPP.
  
- Improve Public-Private Partnerships (P3s) Process.*** The state has experienced some challenges with using P3 procurement in the past. If the Legislature chooses to extend the authority for Caltrans to use the P3 procurement method, we recommend the Legislature require a more robust project selection and evaluation process in order to ensure that more appropriate projects are selected for P3 procurement.